



INDUSTRY CIRCULAR

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DEPARTMENT OF THE TREASURY

Bureau of Alcohol, Tobacco and Firearms

Washington, D.C. 20224

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CHANGES IN OWNERSHIP OR CONTROL

Specially denatured alcohol users and dealers,
tax-free alcohol users, wholesalers,
importers, tobacco export warehouse
proprietors and others concerned:

Purpose

The purpose of this circular is to remind specially denatured alcohol users and dealers, tax-free alcohol users, wholesalers, importers and tobacco export warehouse proprietors of the requirements of law and regulations which require that changes in ownership or control shall be timely reported to their Regional Director, Bureau of Alcohol, Tobacco and Firearms.

Background

Recently, we have received reports that an increasing number of permit holders failed to timely report changes in ownership or control. This situation may be a result of misunderstandings about regulatory requirements.

Compliance Procedure

To comply with law and regulations the following requirements must be met:

(a) Specially Denatured Alcohol Users and Dealers and Tax-Free Alcohol Users

(1) Changes in ownership.

When there is a change in ownership of the business of a permittee the successor shall qualify in the same manner as the proprietor of a new business. It is important that the successor plan ahead so that he holds proper permits, and bond (if necessary) before commencing operations. (See 26 CFR 211.56(b) and 26 CFR 213.55(b) for exceptions relating to corporate proprietors). References: 26 CFR 211.56; 26 CFR 211.61; 26 CFR 211.71; 26 CFR 211.72; 26 CFR 213.55; 26 CFR 213.58; 26 CFR 213.71; 26 USC 5272.

(2) Other changes.

Changes relating to any of the information contained in, considered as a part of, or used in support of the original application on Form 1474(SDA), Form 1479 (SDA), or Form 2600 (TF) for an industrial use permit, or Form 4326 (TF and SDA) for a limited industrial use permit and a limited withdrawal permit, shall be reported in writing (in duplicate) within 30 days of such change to the Regional Director. If the change is in the officers or directors the aforementioned notice shall be supported by a certified list of current officers and directors in duplicate, reflecting such change: Provided that if the permittee shows to the satisfaction of the Regional Director that the holders of certain corporate offices, as listed on the original application, have no responsibilities in connection with the handling of the tax-free or specially denatured alcohol, the Regional Director may upon application waive the requirement for the giving of the required notice. Reference: 26 CFR 211.55; 26 CFR 213.54; 26 USC 5271

(b) Wholesalers and Importers

In the event of any change in the ownership, management, or control of any permittee (if the permittee is a corporation, if any change occurs in the officers, directors, or persons owning or controlling more than 10 percent of the voting stock of said corporation) he shall immediately notify the Regional Director of such change, giving the names and addresses of all new persons participating in the ownership, management, or control of such business, or in the case of a corporation, the names, and addresses of such new officers, directors, or persons owning or controlling more than 10 percent of the voting stock. Notice to the Regional Director of any such change shall be accompanied or supplemented by such data in reference to the personal or business history of such persons as the Regional Director may require. Reference: 27 CFR 1.42; 27 CFR 1.44; 27 USC 204

(c) Tobacco Export Warehouse Proprietors

Where the transfer of ownership is involved such proprietor shall give notice, in writing to the Regional Director, naming the proposed successor and the desired effective date of such transfer. The proposed successor shall, before commencing operations, qualify as a proprietor in accordance with the provisions of regulations. Reference: 26 CFR 290.105; 26 USC 5713

Where there is any change in the officers or directors of a corporation operating the business of an export warehouse proprietor, the proprietor shall furnish to the Regional Director notice, in writing, of the election of the new officers or directors within 30 days after such election. Reference: 26 CFR 290.106; 26 USC 5713

Where the issuance, sale, or transfer of the stock of a corporation, operating as an export warehouse proprietor, results in a change in the identity of the principal stockholders exercising actual or legal control of the operations of the corporation, the corporate proprietor shall, within 30 days after the change occurs make application for a new permit. Reference: 26 CFR 290.107; 26 USC 5713

Inquiries concerning this circular should refer to its number and be addressed to the office of your Regional Director, Bureau of Alcohol, Tobacco and Firearms.



Rex D. Davis
Director